

PX 659



XRP Supply - July 2020 Update

August 20, 2020



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RPLI_SEC 0505359

Agenda

- 1 Data and definitions
- 2 Executive summary
- 3 Ripple supply activity
- 4 Non-Ripple supply summary
- 5 Non-Ripple supply breakout
- 6 Key deal review

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Data and Definitions

Purpose is to provide a full view of actions impacting XRP supply by analyzing balances and activity in three areas: Ripple, other major holders and key supply commitments

Circulating supply

- All XRP that isn't Ripple's
- Includes Ripple's XRP subject to certain firm contractual commitments (XRP options, Coil scheduled payments)
- Reported weekly on ripple.com
- Only Ripple activity impacts circulating supply

Float

- XRP not held by Ripple or Ripple affiliates (founders, option holders, customers)

Data integrity for non-Ripple holders

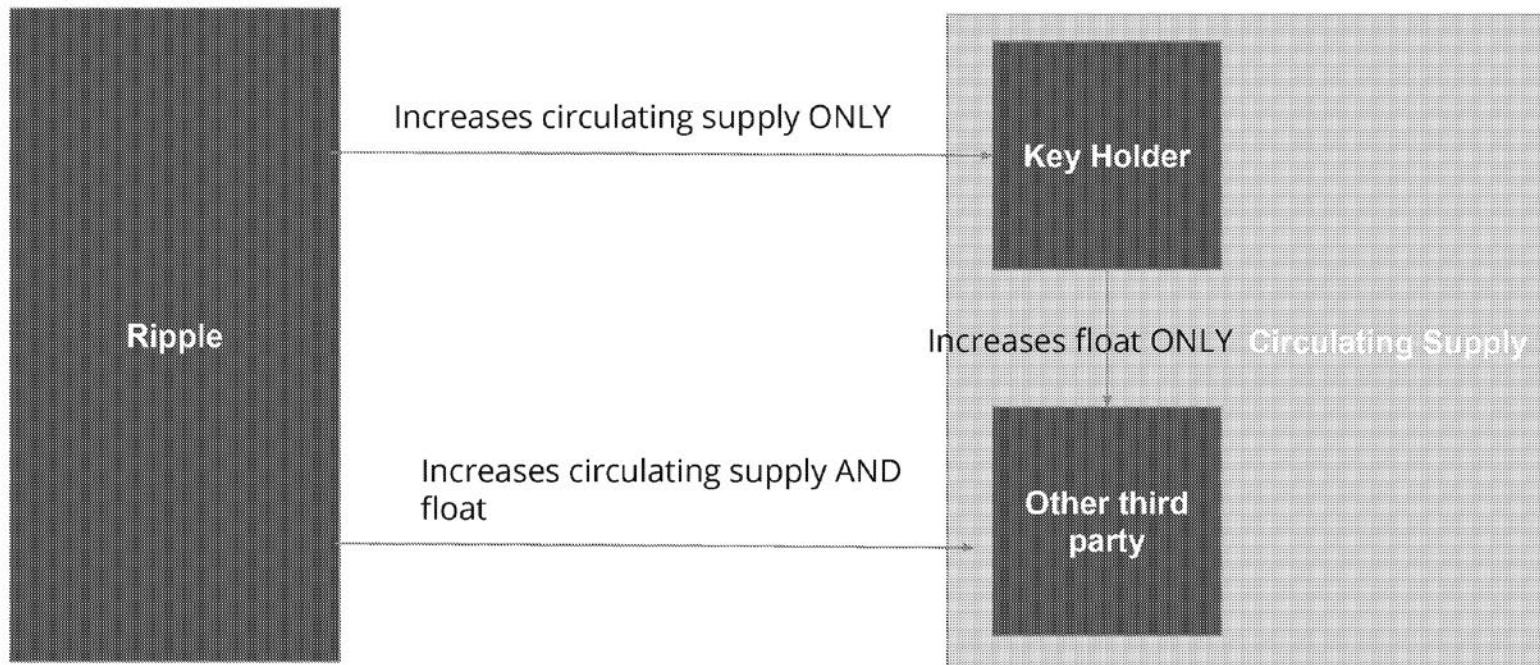
- Non-Ripple reporting is driven by tracking balances in **known** wallets of counterparties
- This data is not perfect, as we may miss some wallets or XRP held on exchange
- Regardless, reporting should be directionally accurate

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Executive Summary

Introduction of XRP from Ripple and other key holders has been moderate in July but expect other key holders to increase their sales

Ripple supply introduction

- July introduction moderated by higher XRP price and XRP purchases
- Expenditures on commitments were low given lack of Coil [REDACTED] and market maker lease activity

Non-Ripple supply introduction

- Increase in XRP market velocity will allow greater sales by parties with sales limits [REDACTED]
- Increase in XRP price has moderating impact on USD denominated commitments [REDACTED]
- Jed volume may substantially increase based on results of arbitration hearings
- Foundations [REDACTED] and [REDACTED] have been on hold but are coming back into the market
- Founders may sell into rally
- Coil set-aside has been largely dormant since late Q1 but may come back into market

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Ripple supply introduction (to 7/31, in millions XRP)

| | Q1'20 | Q2'20 | Q3'20 |
|------------------------|-------|-------|-------|
| [REDACTED] | 175 | 186 | 0 |
| XRP-O Sales | 0 | 158 | 136 |
| XRP Purchase | 0 | 0 | -58 |
| Net sales total | 175 | 344 | 78 |
| Coil Development Fund | 77 | 12 | 0 |
| [REDACTED] | 0 | 23 | 0 |
| [REDACTED] | 16 | 27 | 21 |
| [REDACTED] | 0 | 49 | 0 |
| Investments | 0 | 2 | 2 |
| Xpring and BD total | 92 | 114 | 23 |
| Market Maker Leases | 7 | 112 | 4 |
| Market Maker Fees | 29 | 33 | 13 |
| MGI - Volume incentive | 53 | 57 | 16 |
| MGI - Fx rebate | 24 | 23 | 1 |
| Other ODL | 13 | 19 | 0 |
| ODL total | 127 | 243 | 33 |
| Employee | 7 | 6 | 6 |
| Other | 5 | -10 | 0 |
| Donations | 1 | 0 | 15 |
| Other total | 13 | -4 | 22 |
| Total | 407 | 687 | 156 |

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Non-Ripple XRP holders

Despite their holdings being included in circulating supply, we track certain large XRP holders affiliated with Ripple to understand impact on the overall market

Options - Parties with large call options on XRP issued by Ripple, with nominal exercise price

Customers - [REDACTED] both of which have large balances subject to sales restrictions

Founders & Exec - Jed, Chris, related foundations, etc.

Charitable Organizations - Rippleworks and [REDACTED] both of which received their XRP from Ripple

Partnerships - Xpring partners Coil and [REDACTED] given large amounts distributed



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Non-Ripple Supply Summary (to 7/31)

| XRP BALANCE (mm) | | | | |
|--------------------------|-------|-------|-------|-------|
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Options * | | | | |
| Customers | | | | |
| Founders & Exec | | | | |
| Charitable Organizations | | | | |
| Partnerships | | | | |
| Total balance | | | | |
| | | | | |
| XRP SALES (mm) ** | | | | |
| | Q1'20 | Q2'20 | Q3'20 | |
| Options | | | | |
| Customers | | | | |
| Founders & Exec | | | | |
| Charitable Organizations | | | | |
| Partnerships | | | | |
| Total sales | | | | |

* All options treated as outstanding for circulating supply purposes

** Change in balance as adjusted for XRP received from Ripple during the period

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Key Takeaways

Overall supply introduction pace in July continues on track with prior quarters, but with indications of prospective increase

July

- Net sales of XRP lower than Q2 monthly average due to [REDACTED] inactivity and XRP purchases
- July is the end of relative inactivity at Ripple for Good and Rippleworks
- Minimal Xpring activity, with no material **Coil** projects since early Q2

YTD

- Circulating supply increased 1.3 bn XRP YTD, of which [REDACTED] was Ripple funding [REDACTED] **Coil** and [REDACTED]
- Non-Ripple parties received [REDACTED] from Ripple and sold [REDACTED] XRP into the market, far outpacing exceeded Ripple supply introduction



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Options Activity

| XRP BALANCE (mm) * | | | | |
|--------------------|-------|-------|-------|-------|
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| | | | | |
| XRP SALES (mm) | | | | |
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| | | | | |

* All options treated as outstanding for all purposes for circulating supply purposes - i.e. no impact on inflation



Options Takeaways

Expect immediate [REDACTED] increase and [REDACTED] increase in February 2021

- At end of July, [REDACTED] ramp due to
 - Substantial increase in XRP trade volume
 - meeting contractual trigger to increase sales limit base
- Average weekly [REDACTED] sales moved from [REDACTED] in Q2 to [REDACTED] over most recent two week reporting period, leading to update of projection for final sales from Q1'21 to Q4'20
- [REDACTED] has sold forward on the [REDACTED] XRP option tied to [REDACTED] so is expected to exercise and make delivery upon lapse of sales restriction in February 2021
- See deal summaries in back of deck for further details



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Customer Activity

| XRP BALANCE (mm) | | | | |
|---------------------------------|-------|-------|-------|-------|
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Total balance | | | | |
| XRP RECEIVED FROM RIPPLE (mm) * | | | | |
| | Q1'20 | Q2'20 | Q3'20 | |
| Total receipts | | | | |
| XRP SALES (mm) | | | | |
| | Q1'20 | Q2'20 | Q3'20 | |
| Total sales | | | | |

* These amounts impact circulating supply and inflation

Customer Takeaways

Third month of quarter spike expected to continue, but increased volumes should drive balance held by [REDACTED] down

- As [REDACTED] began making large quarter end purchases in Q1 their purchases outstripped their sales limit. With [REDACTED] and [REDACTED] XRP at end of Q1 and Q2, this led to reporting higher inflation figures in Q1 and Q2
- Higher Q3 market volumes will increase [REDACTED] sales limit, allowing them to work down their XRP balance
- Potential for lower XRP impact in Q3 given large price and appetite to save some of remaining [REDACTED] for Q4, and so not purchasing full [REDACTED] in Q3
- Mellon estate selling steadily, but as sales limit base has increased more than XRP price, there is potential for 2H20 increase despite low July sales
- See [REDACTED] deal summary in back of deck for further details



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Founder and Exec Activity

| XRP BALANCE (mm) | | | | |
|-------------------------------|-------|-------|-------|-------|
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Jed and affiliates | | | | |
| Other founders and affiliates | | | | |
| Brad and affiliates | | | | |
| Total balance | | | | |
| XRP SALES (mm) | | | | |
| | | Q1'20 | Q2'20 | Q3'20 |
| Jed and affiliates | | | | |
| Other founders and affiliates | | | | |
| Brad and affiliates | | | | |
| Total sales | | | | |

Founder and Exec Takeaways

Both market volume and [REDACTED] have driven increase in Jed sales

- [REDACTED]
- While Jed July sales were moderate, August projected to hit almost [REDACTED] KRP million XRP
- [REDACTED]
- [REDACTED]
- Investigating accuracy of founder figures given identification of new accounts related to [REDACTED]
reported amounts may be inaccurate



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Charity Activity

| XRP BALANCE (mm) | | | | |
|-------------------------------|-------|-------|-------|-------|
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Total balance | | | | |
| XRP RECEIVED FROM RIPPLE (mm) | | | | |
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Total receipts | | | | |
| XRP SALES (mm) | | | | |
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Total sales | | | | |

Charity Takeaways

Rippleworks and [REDACTED] reentering market in August

- Rippleworks exit the market in late Q1, reentering market in August at [REDACTED] CTT
- [REDACTED] finished selling initial UBRI related funding mid Q1 - currently restarting given new charitable plans, particularly related to [REDACTED] and executive giving allocation
- We are now funding [REDACTED] approximately [REDACTED] and expect all amounts to be sold within a month - will stop tracking balances unless they build up a balance
- Price of XRP likely to influence [REDACTED] but not Rippleworks behavior



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Partnership Activity

| XRP BALANCE (mm) | | | | |
|-------------------------------|-------|-------|-------|-------|
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Coil ^{ask} | | | | |
| | | | | |
| Total balance | | | | |
| XRP RECEIVED FROM RIPPLE (mm) | | | | |
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Coil ^{ask} | | | | |
| | | | | |
| Total received | | | | |
| XRP SALES (mm) | | | | |
| | Q4'19 | Q1'20 | Q2'20 | Q3'20 |
| Coil | | | | |
| | | | | |
| Total sales | | | | |

* Includes undelivered monthly XRP payments

** Includes only set-aside

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Partnership activity

Coil monthly payments ended in July, with a lull in large Coil setaside deals

- While cessation of Coil monthly payments likely to reduce prospective supply, this may be offset by new setaside requests, as there have been less than [REDACTED] in Coil set-aside requests since end of Q1
- Contacting Coil to determine forecast, and to ensure sales limit reporting accompanies next set-aside request
- [REDACTED] development fund/setaside run rate of [REDACTED] per month is fulfilling approved development projects, with more than [REDACTED] in commitments to developers that are unfunded - potential for increase in run rate as projects mature
- [REDACTED] second milestone for [REDACTED] paid in May, with indications deadline on third milestone was missed.
- Given continued low XRP balances, we will cease reporting on balances held unless monitoring detects build up of material balances
- [REDACTED] amended milestones led to [REDACTED] XRP distribution in May, with expectation of [REDACTED] XRP per month hitting market
- See deal summaries in back of deck for further details



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Key Deal Review

Identified key deals with material continued obligations or impact

- Options

- [REDACTED]
- [REDACTED]
- [REDACTED]

- Customer

- [REDACTED]

- Partnership

- Coil
- [REDACTED]



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[REDACTED] Option

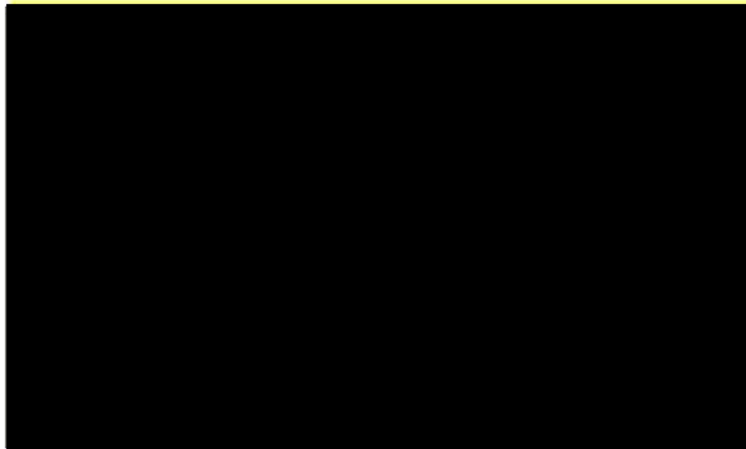
| | | |
|--------------------|-----|------------|
| Gross Amount | XRP | [REDACTED] |
| Gross Paid to Date | XRP | [REDACTED] |
| Remaining Amount | XRP | [REDACTED] |

Exercisable [REDACTED] at beginning of each month, typically [REDACTED]
Exercise price (set [REDACTED] prior to release) paid through XRP withholding at exercise
Typically pay [REDACTED] or [REDACTED] of gross amount based on exercise price average of \$ [REDACTED] per unit
Final exercise date [REDACTED]

[REDACTED] Option

Option for [REDACTED] XRP purchased in full as of August 2019, with supply expected to last until [REDACTED]

Proceeds cap non-substantive currently



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[REDACTED]

[REDACTED]

[REDACTED] known to have hedged his option, expected to take deliver in February

| | Arthur Britto | Others |
|------------------------|---------------|--------|
| Initial Grant | [REDACTED] | |
| Exercise Price | | |
| Exercise Restriction | | |
| Sales restriction | | |
| Outstanding at 7/31/20 | | |



[REDACTED] Purchase Discount

As of November 2019, discount of **[REDACTED]** on purchases, at amount of discount remaining from original agreement.

| Date | Commitment Movement | Remaining Commitment | Cash Proceeds |
|------------|------------------------|-------------------------|---------------|
| 11/18/2019 | [REDACTED] | | |
| 11/30/2019 | | | |
| 12/31/2019 | | | |
| 1/31/2020 | | | |
| 2/29/2020 | | | |
| 3/31/2020 | | | |
| 4/30/2020 | | | |
| 5/31/2020 | | | |
| 6/30/2020 | | | |
| 7/31/2020 | | | |

| Contract Terms | |
|-------------------------|-------------------|
| Sales Limit | [REDACTED] |
| Floor Price | |
| Quarterly Minimum Gross | |
| Quarterly Maximum Gross | |
| Purchase Period | |

Coil

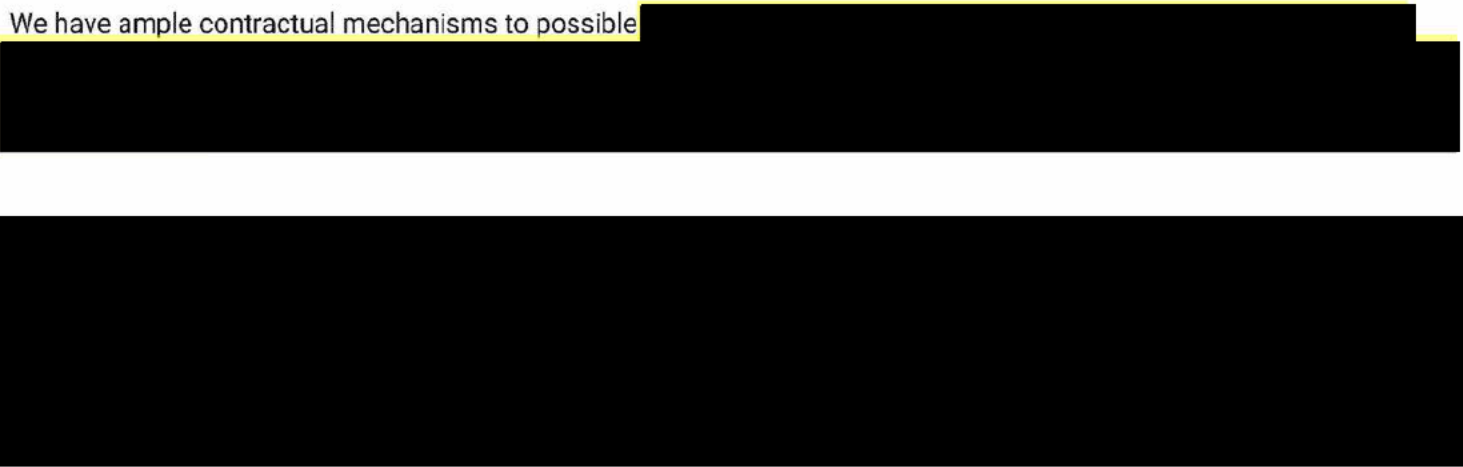
For both scheduled payments and set-aside, [REDACTED]

| Scheduled Payments | | |
|--------------------|------------|------------|
| Monthly Amount | [REDACTED] | [REDACTED] |
| Gross Amount | [REDACTED] | [REDACTED] |
| Paid to date | [REDACTED] | [REDACTED] |
| Remaining Amount | [REDACTED] | [REDACTED] |

| Set-Aside (XRP denominated) | |
|-----------------------------|------------|
| Gross Amount* | [REDACTED] |
| Paid to date* | [REDACTED] |
| Remaining Amount | [REDACTED] |

Coil - Set-Aside T&Cs

We have ample contractual mechanisms to possible



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[REDACTED] - Development Fund

Commitment to fund development on [REDACTED] platform

| | |
|---------------------------------------|------------|
| Total Amount | [REDACTED] |
| Total USD paid to date | [REDACTED] |
| Remaining Amount | [REDACTED] |
| Allocated Portion of Remaining Amount | [REDACTED] |
| Total XRP to date: | [REDACTED] |
| Remaining Amount (at current price): | [REDACTED] |

| | |
|-----------------------|------------|
| Sales Limit (in bps)* | [REDACTED] |
| Floor Price** | [REDACTED] |
| Approvals*** | [REDACTED] |
| Allocation period | [REDACTED] |
| Distribution Period | [REDACTED] |

*Non-substantive at ADV > [REDACTED]
**Delay of up to [REDACTED] until price recovery, otherwise ignore floor or pay in USD
***Projects have been consistently under this threshold

[REDACTED] - Milestones

Funding based on key milestones for overall ecosystem development

| Milestone | Amount | Forfeiture Date |
|-------------------------------------|------------|-----------------|
| Approve Dev Program | [REDACTED] | [REDACTED] |
| Wallet Launch | | |
| Company Marketplace | | |
| First Game | | |
| Remaining Amount | | |
| Remaining Amount (at current price) | | |

| | |
|----------------|------------|
| Sales Limit** | [REDACTED] |
| Floor Price*** | |

*No communication that milestone has been met prior to due date, following up for confirmation
**Non-substantive at ADV > [REDACTED] measured in combination with volume incentives
***Delay of up to [REDACTED] until price recovery, otherwise ignore floor or pay in USD

[REDACTED] - Volume Incentives

Incentives for hitting various target of XRP transacted on [REDACTED] platform - Targets can be met anytime before [REDACTED]

No payments made to date

| ADV XRP Target (units transacted over platform, 90 day average) | Payment |
|---|------------|
| [REDACTED] | [REDACTED] |